



United States Attorney District of New Jersey

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FORMER NEW JERSEY LOAN OFFICER SENTENCED TO 51 MONTHS IN PRISON FOR ROLE IN MORTGAGE FRAUD, PROPERTY-FLIPPING SCHEME

Defendant Ordered to Pay More Than \$1 Million in Restitution

NEWARK, N.J. – A former New Jersey loan officer was sentenced today to 51 months in prison in connection with a mortgage fraud and property-flipping scheme involving rental properties in Paterson, N.J., U.S. Attorney Paul J. Fishman announced.

Frank Corallo, 37, of Maywood, N.J., previously pleaded guilty to one count of wire fraud conspiracy before U.S. District Judge Jose L. Linares. Judge Linares also imposed the sentence today in Newark federal court.

According to documents filed in this case and statements made in court:

Corallo conspired with several others to originate mortgage loans during 2004 while working as a loan officer and processor at U.S. Mortgage Corp. During that time, Corallo specialized in brokering subprime loans. At the direction of his superiors at U.S. Mortgage, Corallo helped pay off several mortgage loans that U.S. Mortgage had originated fraudulently. Corallo brokered new, fraudulent subprime loans to pay off the old loans and provide additional money to other participants in the scheme.

In addition to the prison term, Corallo was sentenced to three years of supervised release and ordered to pay \$1,034,956.74 in restitution.

Corallo's case is part of an ongoing investigation by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG), the FBI, the U.S. Postal Inspection Service and IRS-Criminal Investigation into fraudulent Federal Housing Administration-insured and conventional mortgage loans originated by various New Jersey mortgage companies. The investigation has resulted in more than a dozen guilty pleas from current or former New Jersey residents, including:

- Michael Eliasof, a former Paramus, N.J., real estate agent;
- Gerald Carti, a former loan officer and shareholder of U.S. Mortgage Corp.;
- Amer Mir, a former loan officer of United Home Mortgage Co.;
- Norman Barna and Frederick Ugwu, who sold numerous Paterson properties through the scheme;

- William Ottaviano, an appraiser;
- Renford Davis and Hopeton Bradley (now deceased), who jointly managed many of the Paterson properties involved in the scheme;
- Claribel Morrobel, a recruiter for the scheme; and
- Melanie Gebbia, the former legal assistant of William Colacino (now deceased), a former Garfield attorney and municipal court judge.

Ugwu and Mir were convicted after a five-week jury trial in December 2009 in connection with their roles. Eliasof, Carti, Ottaviano and Davis recently were sentenced to 40 months, 27 months, 15 months and six months in prison, respectively, for their roles in the scheme. The other defendants with pending cases await sentencing.

Corallo has been in custody since his October 21, 2010, arrest on a conspiracy to commit wire fraud charge in an unrelated mortgage fraud case. That charge remains pending.

U.S. Attorney Fishman credited special agents of HUD-OIG, under the direction of Special Agent in Charge Joseph W. Clarke for the Mid-Atlantic region; special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark; inspectors of the U.S. Postal Inspection Service, under the direction of Acting Postal Inspector In Charge Thomas E. Boyle; and special agents of IRS-Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for the investigation leading to today's sentence.

The government is represented by Assistant U.S. Attorney Mark E. Coyne, formerly of the U.S. Attorney's Economic Crimes Unit and now Chief of the Appeals Division.

As for the unrelated, pending case against Corallo, the charge and allegations contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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Defense counsel: Anthony J. Fusco, Esq., Passaic, N.J.